

NEBRASKA BOARD OF PUBLIC ACCOUNTANCY
140 N. 8th Street, Suite 290, Lincoln, Nebraska
MINUTES

September 9-10, 2002

1. General

A. Call to Order and Roll Call. The Board of Public Accountancy was called to order at 11:14 a.m. on Monday, September 9, 2002 with Chair Nina B. Kavich presiding. The roll was called with the following members present: Nina Kavich, William Gaines, Michelle Thornburg, Dean Graf, William Nuckolls, Roger Thompson, Terry Ellinger and Kathleen Smith. Also present was Executive Director, Annette Harmon. The meeting was held on the campus of the University of Nebraska-Kearney in Room 101E of the West Center Building, Kearney, Nebraska.

B. Approval of meeting agenda for September 9-10, 2002. Moved by Gaines, seconded by Nuckolls, to move agenda item 10-A subsequent to Agenda Item 3 and approve the agenda for the September 9-10, 2002 meeting. On roll call vote, all members present voted aye. Motion number 1 carried.

C. Approval of the minutes of the July 8-9, 2002 Board meeting. Moved by Smith, seconded by Thompson, to approve the minutes as written. On roll call vote, all members present voted aye. Member Ellinger abstained. Motion number 2 carried.

2. Public Comment Period

Time was allowed on the agenda for members of the public to address the Board with comments. There were no members of the public present.

3. Consent Agenda

Approval of Consent Agenda by Roll Call Vote. Moved by Graf, seconded by Nuckolls, to approve the Consent Agenda. On roll call vote, all members present voted aye. Motion number 3 carried.

A. Published Notice of Meeting. Pursuant to call and published notice, the notice of meeting is herewith attached.

B. Approval of June and July 2002 disbursements. The Board reviewed and approved the June and July 2002 disbursements.

C. Review of Board Budget Status Report. The Board reviewed the July 31, 2002 Budget Status Report.

D. Requests for Acceptance of Surrendered Certificates and Approval of Inactive-Retired Classification. Motion to accept the surrender of the following CPA Certificates: Rebecca Gitthens (6245), Bradley Halldin (6685), Stephanie Samenus (6390), and Patrick Scott (5227). There were no requests for Inactive-Retired classification.

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E. Office Management Report. The Board reviewed a report on permits and registrations issued for the licensure period beginning July 1, 2002 as of August 15, 2002. Prior year's statistics were also reviewed for comparison.

F. Annual Fixed Assets Report. The Board reviewed and approved an annual listing of changes in fixed assets as of June 30, 2002.

10. Report of the Chair

A. Proposed Legislative Rewrite. A letter received from the Nebraska Society of CPAs (NSCPA) and an email from the Nebraska Society of Independent Accountants (NSIA) were distributed to Members. The Chair reported on the presentation she and Members Thornburg and Smith gave to the NSCPA on August 30, 2002. The presentation included ten main points of the legislative draft. The Chair distributed a brief synopsis of comments/questions received during the NSCPA presentation. Comments were received regarding background checks, transition for the examination to a computer based test, rule-making authority of the Board, peer review for multi-office firms, good moral character, experience requirement, continuing education requirement for individuals in industry, and reciprocity. Comments received from the NSIA's review of the legislative draft included use of the terms "accountant" and "accounting services," and the definition and use of compilation reports by non-licensees.

CLOSED MEETING

Closed Meeting. Moved by Smith, seconded by Gaines, that the Board go into closed session at 1:50 p.m. for the purpose of enforcement and litigation. On roll call vote, all members present voted aye. Member Graf was temporarily absent. Motion number 4 carried.

Return to Open Meeting. Moved by Smith, seconded by Gaines, that the Board return to open session at 2:05 p.m. On roll call vote, all members present voted aye. Motion number 5 carried.

4. Report of Enforcement of Professional Conduct Committee

A. Determination of Probable Cause or Lack of Probable Cause. Moved by Smith, with the Committee's recommendation, to close the following complaints for lack of probable cause: #0001-019, #9798-011, #0102-020 and #0102-018. On roll call vote, all members present voted aye. Motion number 6 carried.

Moved by Smith, with the Committee's recommendation, to enter into a Stipulation & Consent Order regarding Compliant #0001-012; and if the order is signed, then the complaint would be closed at the next Board meeting. On roll call vote, all members present voted aye. Motion number 7 carried.

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B. Consolidated Hearings for Reinstatement of Revoked CPA Certificates for Non-payment of Fees. A consolidated formal hearing was held for Charles Richardson and Robert Purcell on the reinstatement of their revoked certificates for nonpayment of fees, with Nina B. Kavich acting as Hearing Officer. The Respondents were not present nor were they represented by Legal Counsel. Hearing and participating in this decision were Nina Kavich, William Gaines, Michelle Thornburg, Dean Graf, William Nuckolls, Roger Thompson, Terry Ellinger and Kathleen Smith. Moved by Smith, seconded by Gaines, to reinstate CPA certificate #3806 for Charles Richardson and CPA certificate #1038 for Robert Purcell. On roll call vote, all members present voted aye. Motion number 8 carried.

5. Report of Examination & Licensing Committee

A. Ratification of initial permits to practice issued; certificates issued; and permits reinstated/issued. Moved by Graf, with the Committee's recommendation, to ratify the initial permits to practice and certificates issued by examination and reciprocity. There were no applications for reinstatement of an active permit. On roll call vote, all members present voted aye. Motion number 9 carried.

B. Committee Policies. Moved by Graf, with the Committee's recommendation, to approve the use of the signature stamp on CPA certificates. On roll call vote, Members Graf, Nuckolls and Thompson voted aye, and Members Gaines, Smith, Thornburg, Ellinger and Kavich voted nay. Motion number 10 failed.

Moved by Smith, seconded by Ellinger, to have the three officers' original signatures on the CPA certificates, and that the certificates not be signed until the name and certificate number have been affixed to the document. On roll call vote, all members present voted aye, except Members Graf and Thompson who voted nay. Motion number 11 carried.

Chair Graf reported that the Committee will be reviewing all past policies and a notebook for committee use on November 14, 2002.

D. Request on Committee Structure. Moved by Graf, with the Committee's recommendation, to change the structure of the current Examination and Licensing Committee into the two following committees: 1) Examination and Education, and 2) Licensing Committee. On roll call vote, all members present voted aye. Motion number 12 carried.

E. Letter of Appeal on Certificate. Moved by Graf, with the Committee's recommendation, to confirm that Mr. Strickler intends to have a business in the state, via a permit to practice application and the registration and licensure of a firm in Nebraska, before issuing the CPA certificate. On roll call vote, all members present voted aye. Motion number 13 carried.

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F. Attendance of Board Members at November 2002 CPA Exam. It was determined that Bill Nuckolls and Michelle Thornburg will be attending both days of the examination on November 6 and 7, 2002, and Bill Gaines and Nina Kavich will be attending November 7.

The Committee will also be looking at the CPA Exam passing grade letter concerning language about transcripts. The Board determined that the Executive Director should sign the grade letters with an original signature. The Committee will also be looking at the policies and procedures for experience forms and when they are submitted. The statistics for the May 2002 examination were emailed to all Committee members, and will also be emailed to the remaining board members.

6. Report of Continuing Education Committee

A. Ratification of staff program evaluations since last meeting. Moved by Gaines, with the Committee's recommendation, to approve the 22 courses that have been evaluated and approved by the staff since the last meeting, and to disallow the one course that was evaluated by the committee. On roll call vote, all members present voted aye. Motion number 14 carried.

B. Approval of Revised CPE Guidelines. Moved by Gaines, with the Committee's recommendation, to approve the revisions with a change in the date on the cover pages to September 2002. On roll call vote, all members present voted aye. Motion number 15 carried.

7. Report of Educational Advisory Committee Chair

A. Review of Policies and Procedures, and B. Committee Report of Last Meeting. Committee Chair, Michelle Thornburg, reported that the Committee (of board members) met on July 8, 2002 to talk about policies and procedures and she had subsequently updated the Board at the last board meeting on July 8, 2002. There have not been any significant changes since then. There is a scheduled conference call of the full Educational Advisory Committee at 3:30 p.m. on September 17, 2002. A policy and procedure committee handbook is in process.

8. Report of the QEP Committee Chair

A. Report of 2002 Review Process. Committee Chair, Michelle Thornburg, reviewed the report of the Committee's recommendations. Moved by Thornburg, seconded by Graf, to accept and approve the QEP Committee's report on the ratings to practice units. On roll call vote, all members present voted aye. Motion number 16 carried.

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B. Survey on AICPA's Peer Review Program. Michelle Thornburg reviewed the suggested Committee answers to the AICPA Peer Review Program Survey. Members made a few additions, such as indicating "timeliness" to be 60-90 days.

10. Report of the Chair

A. Proposed Legislative Rewrite. Ken Brauer and Rodale Emken with the Nebraska Society of Independent Accountants appeared to present comments regarding the legislative draft, particularly the issuance of compilations and language to be used by non-licensees, and the use of the terms "accountant" or "accounting services." The Chair indicated that any changes made to the legislative draft over the next several months would be emailed to Ken, and he could communicate any further comments to the Executive Director.

9. Report of the Executive Director

A. Technology Report. The Executive Director reported on the On-Line License Renewal project and a proposed grant request for funding. Moved by Smith, seconded by Gaines, to direct the Executive Director to apply for a grant for the technology project; and based on the success of receiving the grant, to draft a proposed contract with NebraskaOnline with Proposal A (after trying to negotiate on credit card fees) and ensure that maintenance fees are included in the stated fees. On roll call vote, all members present voted aye. Motion number 17 carried.

B. Report on Goals. The Executive Director reported on her progress with implementing specific goals and objectives for 2002-2003, and Technology Goals, including the successful addition of "editable pdf" forms to the web site, a Board Members only site, and staff training.

10. Report of Chair

B. Results of Performance Card Survey. Member Thornburg reported on the results of the performance card survey sent to active permitholders renewing this year. The surveys were returned to Chair Kavich but compiled by Member Thornburg. An analysis of the three years results showed the responses have been consistent over the three years. The return rate of the survey this year was 30.74%.

C. Review and Approval of Biennium 2004-2005 Budget Request. Moved by Thornburg, seconded by Nuckolls, to approve the Biennium budget request for 2004-2005. On roll call vote, all members present voted aye. Motion number 18 carried.

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A. Proposed Legislative Rewrite. The Board continued its discussion regarding the legislative rewrite.

The Board recessed for the day at 7:22 p.m.

The Board reconvened at 8:42 a.m. on Tuesday, September 10, 2002. Member Thompson was absent.

Moved by Nuckolls, seconded by Thornburg, to defer items 10-D, 10-E, 10-G and 11-C to the November 2002 meeting. The Chair stated that there would not be a report from the Executive Committee for Agenda Item 10-H. On roll call vote, all members present voted aye. Member Thompson was absent. Motion number 19 carried.

10. Report of the Chair.

F. Report on To Do Lists. The Chair requested the Executive Director include items from the previous meeting on the To Do List for the next board meeting, and that dates of completion and specific assignments be added (whether staff or board member assignment) to the spreadsheet. The Chair added a revision of the PowerPoint presentation for the November 6, 2002 NSCPA presentation as an item to the To Do list, and noted that the revision of the 2003-2004 evaluation form, to be completed by Roger Thompson and Terry Ellinger, for the Executive Director, will be deferred until November 2002.

11. New Business

A. Future Meeting Dates. The Board will next meet on November 14-15, 2002, January 16-17, and March 24, 2003 in Lincoln.

B. NASBA Items. 1. Focus Questions. The Board reviewed answers to NASBA's Focus Questions, including the addition of reporting the Board's investigation of on-line licensing and concern about the 2003 Annual Meeting being in Maui, Hawaii. The answers will be submitted to the Regional Director.

2. Bylaws items. The Chair discussed the Nebraska proposed amendment to the Bylaws and NASBA's proposed amendment. It was determined that whoever was appointed to be the Board's Designated Voting Representative for the Annual Meeting will vote for NASBA bylaws changes.

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3. Director at Large Nomination. The Board discussed the director at large nomination process. Member Smith received an email from Michael Weatherwax that he has withdrawn his name from the nomination, therefore no action was necessary.

CLOSED MEETING

Closed Meeting. Moved by Thornburg, seconded by Gaines, that the Board go into closed session at 9:24 a.m. for the purpose of discussing personnel. On roll call vote, all members present voted aye, except for Member Smith who was temporarily absent and Member Thompson who was absent for the day. Motion number 20 carried.

Return to Open Meeting. Moved by Thornburg, seconded by Ellinger, that the Board return to open session at 10:21 a.m. On roll call vote, all members present voted aye. Member Thompson was absent. Motion number 21 carried.

Moved by Smith, seconded by Nuckolls, that, due to budget constraints, any vacancies in staff need board approval before filling, and that all out-of-state travel by staff will be by Board approval. On roll call vote, all members present voted aye. Member Thompson was absent. Motion number 22 carried.

The Board asked the Executive Director how many vacation days she had remaining. The Executive Director indicated that, partly due to NIS training, there would be little opportunity to take vacation before the end of the year; but that she did have days in October and around the holidays scheduled. The Executive Director will report to the Board at the November meeting how many hours of vacation remain.

Visitor Shauna Balderson joined the meeting for a brief time.

The Board asked if there was an office policy concerning staff taking records home. The Executive Director indicated that the Office Manual required that staff have permission to remove files or records from the office for specific purposes. The Board indicated that the Executive Director, if taking work home, should return files to the office the next day the Executive Director returns to the office.

The Board also indicated that the six-month probationary evaluation should be in writing, as it is legally prudent to have that documentation; and that both parties sign and date the form.

Moved by Ellinger, seconded by Nuckolls, that all annual staff performance evaluations be done at the same time of the year, by May 1st of each year, and that the Office Manual be amended accordingly for that section. On roll call vote, all members present voted aye. Member Thompson was absent. Motion number 23 carried.

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The Board discussed adding a comment to the NASBA Focus Questions regarding concern about NASBA scheduling the 2003 Annual Meeting in Maui, Hawaii because of budgetary constraints. They also asked the Executive Director to poll the other Executive Directors if their boards had any concerns regarding the meeting being in Hawaii, and to start a file for items to which the Board has stated concern or objection.

11. New Business

D. Election of Officers. Moved by Smith, seconded by Ellinger, that nominations cease and Bill Gaines be elected Chair by unanimous ballot. On roll call vote, all members present voted aye, except Member Gaines who abstained and Member Thompson who was absent. Motion number 24 carried.

Moved by Gaines, seconded by Thornburg, that Nina Kavich step into the position of Vice Chair by unanimous ballot. On roll call vote, all members present voted aye, except Member Kavich who abstained and Member Thompson who was absent. Motion number 25 carried.

Moved by Smith, seconded by Nuckolls, that a unanimous ballot be cast for Michelle Thornburg for the position of Secretary. On roll call vote, all members present voted aye, except Member Thornburg who abstained and Member Thompson who was absent. Motion number 26 carried.

It was agreed that Gaines, Kavich and Thornburg would assume the duties of the offices upon completion of this meeting.

10. Report of the Chair

A. Proposed Legislative Rewrite. The Board continued discussion with a section by section review of the legislative draft in comparison to the Public Accountancy Act (PAA) and the Uniform Accountancy Act (UAA).

Visitor Laurie Swinney joined the meeting for a brief time.

Moved by Ellinger, seconded by Nuckolls, to accept reciprocity requirements for the purpose of the Legislative rewrite of: 1) passage of the CPA examination; 2) minimum of a Baccalaureate degree; and 3) four years experience in a CPA firm. On roll call vote, Members Ellinger and Nuckolls voted aye and Members Graf, Smith, Gaines, Kavich and Thornburg voted nay. Member Thompson was absent. Motion number 27 failed.

Moved by Graf, seconded by Ellinger, to hire a lobbyist. On roll call vote, all members present voted aye. Member Thompson was absent. Motion number 28 carried.

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Moved by Ellinger, seconded by Graf, to establish a Committee to interview and hire a lobbyist. After discussion, Motion #29 was withdrawn.

CLOSED MEETING

Closed Meeting. Moved by Gaines, seconded by Smith, to go into closed session for the purpose of personnel at 4:32 p.m. On roll call vote, all members present voted aye. Member Thompson was absent. Motion number 30 carried.

Open Meeting. Moved by Ellinger, seconded by Graf, to return to open session at 4:56 p.m. On roll call vote, all members present voted aye. Members Thompson and Nuckolls were absent. Motion number 31 carried.

10. Report of the Chair

A. Proposed Legislative Rewrite. Moved by Ellinger, seconded by Graf, to amend Motion #28 to indicate that the person should be a bill drafter/lobbyist; to adopt a resolution that the Board is committed to working with the NSCPA and the Independent Accountants Association and/or other interested parties in resolving any concerns that they may have regarding the proposed bill draft; and that the Chair may establish a Committee to interview and hire such an individual, if applicable. On roll call vote, all members present voted aye. Members Thompson and Nuckolls were absent. Motion number 32 carried.

Smith commended the Executive Committee, and especially Chair Kavich, for all the work done this last year. Chair Kavich reciprocated by commending the Members and Executive Director for their commitment, and expressed appreciation for support.

12. Adjournment

It was moved by Gaines, seconded by Smith, that the Board adjourn at 5:14 p.m. on Tuesday, September 10, 2002. On roll call vote, all members present voted aye. Members Thompson and Nuckolls were absent. Motion number 33 carried.

Submitted by,

Michelle R. Thornburg, CPA
Secretary